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## A Risk Management Agency Fact Sheet

# Pasture, Rangeland, Forage Pilot Insurance Programs

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The Risk Management Agency (RMA) now offers two new pilot Group Risk Protection risk management programs for pasture, rangeland, and forage. These innovative pilot programs are based on vegetation greenness and rainfall indices and were developed to provide livestock producers the ability to purchase insurance protection for losses of forage produced for grazing or harvested for hay.

These programs were developed to become a risk management tool for the 588 million acres of U.S. pastureland and the 61.5 million acres of hayland. Beginning with the 2007 crop year, the pilot programs will be available for a limited number

of acres for testing in selected States. The pilot programs will be

available for sale in late August or early September 2006, with a sales closing date of November 30, 2006. These products will use innovative technology to assess losses in forage production across diverse range and pasture environments.

In order to test each index in various climates, soils, and weather conditions, the programs will be made available in six regions across the country: The warm and humid Southeast, the cool and humid Northeast, the Northern Great Plains, the Southern Great Plains, the semi-arid Southwest, and the intermountain region of the Northwest. The Rainfall Index program will be tested in 220 counties in Colorado, Idaho, Pennsylvania, South Carolina, North Dakota, and Texas. The Vegetation Index will be tested in 110 counties in Colorado, Oklahoma, Oregon, Pennsylvania, South Carolina, and South Dakota.

The Rainfall Index is based on National Oceanic and Atmospheric Administration data and uses an approximate 12 x 12 mile grid. Producers must select at least two, 2-month time periods in which precipitation is important during the growth and production of the forage species. These time periods are called index intervals. Insurance payments to a producer suffering a loss are calculated based on the deviation from normal precipitation within the grid and index interval (s) selected. This insurance coverage is for a single peril—lack of precipitation.

The Vegetation Index uses the Normalized Difference Vegetation Index (NDVI) data from

	Rainfall Index	Vegetation Index
States	Colorado, Idaho, Texas, South Carolina, North Dakota, Pennsylvania	Colorado, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota
Sales Closing Date	November 30	November 30

the U.S. Geological Survey Earth Resources Observation and Science

data center. The NDVI is an alternative measure of vegetation greenness and correlates to forage condition and productive capacity in approximately 4.8 x 4.8 mile grids. In general, the healthier the plants in a given grid, the higher the NDVI value. With this plan of insurance, producers may select one or more 3-month time period(s) that represent a producer's forage species production. These time periods are called index intervals. As with the Rainfall Index, the losses calculated using the Vegetation Index are indemnified based on the deviation from normal within the grid and index interval(s) selected.

The lengthy process of developing these products included discovering the value of forage for grazing and haying for each county in the program. RMA and the contractor

used USDA Farm Service Agency Grassland Reserve Program prices for grazing land, National Agricultural Statistics Service State hayland rates, U.S. Geological Survey land-cover estimates, and expertly determined regional forage and hayland values to establish county base value for each location.

In developing these new insurance products, conditions taken into consideration included public land versus private land, warm- and cool-season plants, different grazing patterns, and various foraging species representing a wide range of relative feed values.

These products were designed to allow maximum flexibility for the producer. Producers are not required to insure all acres, but cannot exceed the total number of grazing or haying acres they operate. This allows a producer to insure only those acres that are important to his or her grazing program or hay operation. By selecting a Productivity Factor, a producer can establish a value between 60 and 150 percent of the County Base Value and match the amount of protection to the value of forage that best represents his or her specific grazing or hay operation, as well as the productive capacity of the land.

The producer will be asked to make several choices when insuring grazingland or hayland production, including coverage level, index intervals, productivity factor, and number of acres. Producers will work with their crop insurance agents to view the map and index grids for their area, and assign acreage to one or more grids based on the location and use of the acreage that is to be insured.

More detailed information about these two pilot programs is available on the RMA Web site: [www.rma.usda.gov](http://www.rma.usda.gov)

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